

JORDAN COMMERCIAL BANK

(PUBLIC SHAREHOLDING LIMITED COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (REVIEWED NOT AUDITED)

30 JUNE 2024

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF JORDAN COMMERCIAL BANK
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed financial statements of Jordan Commercial Bank (a Public Shareholding Limited Company) (the “Bank”) as at 30 June 2024, comprising the interim condensed statement of financial position as at 30 June 2024 and the related interim condensed income statement, interim condensed statement of comprehensive income, interim condensed statement of changes in equity, and interim condensed statement of cash flows for the six months then ended and explanatory notes. The management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the basis of preparation as disclosed in note (2-1) to the interim condensed financial statements. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements (2410), “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with the basis of preparation as disclosed in note (2-1) to the interim condensed financial statements.

Amman – Jordan
31 July 2024

ERNST & YOUNG
Amman - Jordan

JORDAN COMMERCIAL BANK
(PUBLIC SHAREHOLDING LIMITED COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	<u>Notes</u>	30 June 2024 JD (Reviewed not audited)	31 December 2023 JD (Audited)
<u>ASSETS</u>			
Cash and balances at central bank of Jordan	4	74,986,689	68,319,687
Balances and deposits at banks and financial institutions, net	5	63,303,380	68,716,784
Direct credit facilities, net	6	741,176,594	732,427,089
Financial assets at fair value through income statement	7	1,415,865	1,372,783
Financial assets at fair value through other comprehensive income	8	50,932,242	50,322,563
Financial assets at amortized cost, net	9	323,818,453	343,210,421
Property and equipment, net		21,722,814	22,321,642
Intangible assets, net		2,696,900	2,858,126
Right-of-use assets		5,573,422	6,041,037
Deferred tax assets		9,769,885	10,551,901
Other assets	10	73,758,870	71,537,058
Total Assets		1,369,155,114	1,377,679,091
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Banks' and financial institutions' deposits	11	35,485,568	48,428,024
Customers' deposits	12	969,429,444	967,495,655
Cash margins		42,397,502	40,213,578
Borrowed funds	13	94,979,797	91,667,450
Income tax provision	14/a	1,550,673	5,303,391
Sundry provisions	15	1,241,805	1,237,500
Deferred tax liabilities		745,425	698,411
Lease liabilities		5,254,134	5,800,708
Other liabilities	16	49,519,711	47,925,393
Total Liabilities		1,200,604,059	1,208,770,110
<u>SHAREHOLDERS' EQUITY</u>			
<u>BANK'S SHAREHOLDERS' EQUITY</u>			
Authorized and paid in capital	17	120,000,000	120,000,000
Statutory reserve	18	20,705,562	20,705,562
Fair value reserve, net	19	3,638,766	3,924,952
Retained earnings	20	18,264,390	24,278,467
Profit for the period		5,942,337	-
Total Bank's Shareholders' Equity		168,551,055	168,908,981
Total Liabilities and Shareholders' Equity		1,369,155,114	1,377,679,091

The accompanying notes from 1 to 35 form part of these interim condensed financial statements

JORDAN COMMERCIAL BANK
(PUBLIC SHAREHOLDING LIMITED COMPANY)
INTERIM CONDENSED INCOME STATEMENT
FOR THE THREE AND SIX-MONTHS ENDED 30 JUNE 2024 (REVIEWED NOT AUDITED)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2024	2023	2024	2023
		JD	JD	JD	JD
Interest income	21	23,253,542	22,833,558	46,605,395	45,319,930
<u>Less: interest expense</u>	22	<u>(12,316,218)</u>	<u>(10,292,190)</u>	<u>(24,208,997)</u>	<u>(20,284,080)</u>
Net interest income		10,937,324	12,541,368	22,396,398	25,035,850
Net commission income		<u>1,221,922</u>	<u>770,145</u>	<u>2,075,962</u>	<u>1,590,390</u>
Net interest and commission income		12,159,246	13,311,513	24,472,360	26,626,240
Foreign exchange income, net		261,345	339,404	571,778	649,530
Gains (losses) from financial assets at fair value through income statement	24	24,663	(85,792)	51,517	(178,220)
Dividends from financial assets at fair value through other comprehensive income	8	9,900	4,800	84,900	98,550
Other income	25	<u>558,485</u>	<u>1,473,503</u>	<u>1,258,941</u>	<u>2,576,471</u>
Gross income		13,013,639	15,043,428	26,439,496	29,772,571
Employees' expenses		3,960,147	4,049,081	8,276,368	7,874,003
Depreciation and amortization		1,004,243	932,712	2,021,561	1,836,511
Provision for expected credit losses, net	23	982,579	1,912,216	2,907,129	6,177,350
Provision for assets seized by the Bank against due debts	10	(1,081,999)	(106,681)	(1,079,469)	(78,040)
Sundry provisions	15	60,019	131,944	111,003	323,184
Other expenses	26	<u>3,023,293</u>	<u>2,480,551</u>	<u>5,914,644</u>	<u>5,691,751</u>
Total expenses		7,948,282	9,399,823	18,151,236	21,824,759
Profit for the period before income tax		5,065,357	5,643,605	8,288,260	7,947,812
Income tax expense for the period	14/b	<u>(1,138,705)</u>	<u>(2,077,001)</u>	<u>(2,345,923)</u>	<u>(2,555,221)</u>
Profit for the period before income tax		3,926,652	3,566,604	5,942,337	5,392,591
Earnings per share for the period attributable to the Bank's shareholders	27	JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic and diluted		<u>0/033</u>	<u>0/030</u>	<u>0/050</u>	<u>0/045</u>

The accompanying notes from 1 to 35 form part of these interim condensed financial statements

JORDAN COMMERCIAL BANK
(PUBLIC SHAREHOLDING LIMITED COMPANY)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX-MONTHS ENDED 30 JUNE 2024 (REVIEWED NOT AUDITED)

	For the three months ended 30 June		For the six months ended 30 June	
	2024	2023	2024	2023
	JD	JD	JD	JD
Profit for the period	3,926,652	3,566,604	5,942,337	5,392,591
<u>Other comprehensive income items:</u>				
Other comprehensive income items that will not be reclassified to the income statement in subsequent periods				
Change in fair value reserve of financial assets through other comprehensive income after tax	134,294	(58,483)	(300,263)	1,442,630
Total comprehensive income for the period	<u>4,060,946</u>	<u>3,508,121</u>	<u>5,642,074</u>	<u>6,835,221</u>

The accompanying notes from 1 to 35 form part of these interim condensed financial statements

JORDAN COMMERCIAL BANK
(PUBLIC SHAREHOLDING LIMITED COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2024 (REVIEWED NOT AUDITED)

	Authorized and paid in capital	Reserves		Retained earnings	Profit for the period	Total shareholders' equity
		Statutory	Fair value, net			
	JD	JD	JD	JD	JD	JD
For the six months ended 30 June 2024						
Balance as at the beginning of the period	120,000,000	20,705,562	3,924,952	24,278,467	-	168,908,981
Profit for the period	-	-	-	-	5,942,337	5,942,337
Other comprehensive income items	-	-	(300,263)	-	-	(300,263)
Total comprehensive income for the period	-	-	(300,263)	-	5,942,337	5,642,074
Fair value reserve released from sale of financial assets at fair value through other comprehensive income	-	-	14,077	(14,077)	-	-
Dividends distributed to shareholders *	-	-	-	(6,000,000)	-	(6,000,000)
Balance as at 30 June 2024	<u>120,000,000</u>	<u>20,705,562</u>	<u>3,638,766</u>	<u>18,264,390</u>	<u>5,942,337</u>	<u>168,551,055</u>
For the six months ended 30 June 2023						
Balance as at the beginning of the period	120,000,000	19,011,405	2,621,695	20,483,016	-	162,116,116
Profit for the period	-	-	-	-	5,392,591	5,392,591
Other comprehensive income items	-	-	1,442,630	-	-	1,442,630
Total comprehensive income for the period	-	-	1,442,630	-	5,392,591	6,835,221
Dividends distributed to shareholders *	-	-	-	(6,000,000)	-	(6,000,000)
Balance as at 30 June 2023	<u>120,000,000</u>	<u>19,011,405</u>	<u>4,064,325</u>	<u>14,483,016</u>	<u>5,392,591</u>	<u>162,951,337</u>

- According to the instructions of Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes JD 9,769,885 restricted against deferred tax assets as at 30 June 2024 (JD 10,551,901 as at 31 December 2023).
- According to the instructions of Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes JD 3,638,766 restricted against the credit balance of the fair value of financial assets reserve as at 30 June 2024 (JD 3,924,952 as at 31 December 2023 (including JD 311,112 against the implementation of International Financial Reporting Standard No (9)).
- According to the instructions of Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes JD 622,154 restricted against the unrealized gain of financial assets through income statement as at 30 June 2024 (JD 537,044 as at 31 December 2023).
- * The Bank's General Assembly approved in its meeting held on 29 April 2024 the recommendation of the Board of Directors to distribute 5% of the capital as cash dividends, which is equivalent to JD 6 million to the shareholders from the retained earnings for the year 2023. (The Bank's General Assembly approved in its meeting held on 13 April 2023 the recommendation of the Board of Directors to distribute 5% of the capital as cash dividends, which is equivalent to JD 6 million to the shareholders from the retained earnings for the year 2022).

The accompanying notes from 1 to 35 form part of these interim condensed financial statements

JORDAN COMMERCIAL BANK
(PUBLIC SHAREHOLDING LIMITED COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2024 (REVIEWED NOT AUDITED)

		For the six months ended 30 June	
	Notes	2024	2023
		JD	JD
<u>Operating activities</u>			
Profit for the period before income tax		8,288,260	7,947,812
Non-cash Adjustments:			
Depreciation and amortization		2,021,561	1,836,511
Provision for expected credit losses, net	23	2,907,129	6,177,350
(Gains) losses from valuation of financial assets at fair value through income statement	24	(50,167)	178,220
Sundry provisions	15	111,003	323,184
Losses (gains) from sale of property and equipment		9,088	(5,025)
Reversal from provision for assets seized by the bank against due debts	10	(1,079,469)	(78,040)
Interest expense on lease liabilities		78,956	79,358
Dividends from financial assets at fair value through income statement	24	(1,350)	-
Dividends from financial assets at fair value through other comprehensive income	8	(84,900)	(98,550)
Effect of exchange rate fluctuations on cash and cash equivalents		(183,680)	(173,392)
Prior years income tax adjustments		19,110	(422,095)
Cash flow from operating activities before changes in net assets		12,035,541	15,765,333
Decrease in restricted balances at central bank of Jordan		5,000,000	-
Increase in direct credit facilities		(11,740,384)	(1,284,111)
(Increase) decrease in other assets		(1,129,050)	19,079,406
Decrease in bank deposits maturing within a period of more than three months		-	(25,000,000)
Increase in customers' deposits		1,933,789	14,540,529
Increase in cash margins		2,183,924	852,201
Increase in other liabilities		1,658,106	21,619,046
Net cash flow from operating activities before income tax and provisions paid		9,941,926	45,572,404
Income tax paid	14/a	(5,303,391)	(5,183,882)
Sundry provisions paid	15	(106,698)	(146,588)
Net cash flow from operating activities		4,531,837	40,241,934
<u>Investing activities</u>			
Increase in financial assets at fair value through other comprehensive income		(895,271)	(1,103)
Decrease in financial assets at amortized cost		19,397,847	29,176,421
Sale of financial assets at fair value through income statement		7,085	-
Dividends from financial assets at fair value through income statement	24	1,350	-
Dividends from financial assets at fair value through other comprehensive income	8	84,900	98,550
Purchase of property and equipment and intangible assets		(749,582)	(2,061,237)
Proceeds from sale of property and equipment		4,165	5,685
Net cash flow from investing activities		17,850,494	27,218,316
<u>Financing activities</u>			
Increase (decrease) in borrowed funds		3,312,347	(56,185,501)
Lease contracts paid		(683,094)	(636,666)
Dividends distributed to shareholders	20	(6,000,000)	(6,000,000)
Net cash flow used in financing activities		(3,370,747)	(62,822,167)
Effect of exchange rate fluctuations on cash and cash equivalents		183,680	173,392
Net increase in cash and cash equivalents		19,195,264	4,811,475
Cash and cash equivalents at the beginning of the period		83,610,228	60,586,278
Cash and cash equivalents at the end of the period	28	102,805,492	65,397,753

The accompanying notes from 1 to 35 form part of these interim condensed financial statements

(1) GENERAL

Jordan Commercial Bank (the "Bank") was established as a Jordanian Public Limited Shareholding Company under registration number of (113) on 3 May 1977 in accordance with the Jordanian Companies Law No. (12) for the year 1964 with paid in capital of JD 5 million divided into 5 million shares at par value of one Jordanian Dinar per share. The Bank's Head Office address is Amman, P.O. Box 9989, Amman 11191 - The Hashemite Kingdom of Jordan.

During the year 1993, Al Mashrek Bank (Jordan branches) was merged into Jordan and Gulf Bank. Consequently, Jordan and Gulf Bank replaced Al Mashrek Bank (Jordan branches) in terms of its rights and obligations.

At the beginning of the year 2004, the Bank was restructured after taking the necessary measures specified by the concerned legal parties and on 28 June 2004, procedures relating to changing the Bank's name from Jordan and Gulf Bank to Jordan Commercial Bank were completed.

The Bank's capital was increased gradually, and the last increase was during 2017, where the General Assembly in its extraordinary meeting held on 30 April 2017, resolved to approve the increase in the Bank's capital by 7.125 million JD/share, so that the authorized and paid in capital would become 120 million JD/share, the increase was through capitalizing part of the retained earnings and distributing the capitalized amount to shareholders as stock dividends. The procedures for the capital increase were completed on 7 June 2017.

The Bank is engaged in Banking and related financial operations through its branches totalling (36) inside Jordan.

Jordan Commercial Bank shares are listed and being traded on Amman Stock Exchange.

The interim condensed financial statements have been approved by the Bank's Board of Directors in their meeting held on 31 July 2024.

(2-1) BASIS OF PREPARATION OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been prepared in accordance with International Accounting Standard (34) Interim Financial Reporting taking into consideration the amendments on the International Accounting Standards in accordance with the instructions of Central Bank of Jordan.

The interim condensed financial statements are prepared on a historical cost basis, except for financial assets at fair value through the income statement and financial assets at fair value through other comprehensive income, which are presented at fair value as of the date of the interim condensed financial statements.

The interim condensed financial statements are presented in Jordanian Dinars ("JD"), which is the functional currency of the Bank.

The interim condensed financial statements do not contain all information and disclosures required for the annual full financial statements prepared in accordance with International Financial Reporting Standards taking into consideration the amendments on those standards in accordance with the instructions of Central Bank of Jordan and should be read in conjunction with the Bank's annual report as at 31 December 2023. In addition, results for the six months ended 30 June 2024 do not necessarily indicate the expected results for the year ending 31 December 2024. No appropriation of the profit has been made for the three months ended 30 June 2024 as it is made at the end of the financial year.

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Bank's financial statements for the year ended 31 December 2023, except for the adoption of the following amendments effective as at 1 January 2024:

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Bank's interim condensed financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Bank's interim condensed financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Bank's interim condensed financial statements.

(3) USE OF ESTIMATES

Preparation of the condensed interim financial statements and application of the accounting policies require the Bank's management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the condensed interim statement of comprehensive income and within shareholders' equity. In particular, the Bank's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the condition and circumstances of those estimates in the future.

Management believes that critical judgements and estimates used in the preparation of these interim condensed financial information are consistent with those used in the preparation of the Bank's financial statements for the year 2023.

Judgments, estimates, and assumptions are reviewed periodically. Moreover, the effect of the change in estimates is recognized in the financial period in which the change occurs if the change affects only the financial period. On the other hand, the effect of the change in estimates is recognized in the financial period in which the change occurs and in future periods if the change affects the financial period and future financial periods.

Management believes that its estimates in the interim condensed financial statements are reasonable. The details of these estimates are as follows:

Impairment of seized property

Impairment in value of properties possessed is recognized based on recent real estate valuations by qualified independent valutors for calculating the impairment of these assets, the impairment of seized assets is reviewed periodically.

Useful lives of tangible assets and intangible assets

The Bank estimates the productive life of properties, machines, equipment, and intangible assets for the purposes of calculating depreciation and amortization, taking into account the expected use of the assets. Management reviews the residual values and productive lifespans annually, and future depreciation and amortization expense is adjusted if management believes that the productive lifespans differ from previous estimates.

Income tax

The fiscal year is charged with the income tax expense in accordance with the accounting regulations, laws, and standards. Moreover, deferred tax assets and liabilities and the required tax provision are recognized.

Litigations provision

A provision is made to meet any potential legal liabilities based on a legal study prepared by the Bank's legal counsel. This study identifies potential future risks and is reviewed periodically.

Provision of expected credit losses

Expected credit loss is measured as a 12-months expected credit loss for assets classified as stage 1, or as a lifetime expected credit loss for stage 2 or stage 3 classified assets.

Significant increase in credit risk

The asset moves from stage one to the stage two or stage three in case there is a significant increase in credit risk since initial recognition based on CBJ instructions and IFRS (9). Credit risk is evaluated whether it increases significantly for any of the assets through current and future quantitative and qualitative information used by the Bank's management related to assessing whether the credit risk of any asset has increased significantly that result in a change in the classification within the three stages (1, 2 and 3), the expected credit loss is measured as a 12-months expected credit loss for stage 1 assets or lifetime credit losses over the life of the assets classified as stage 2 or 3.

Re-Division of Portfolios and Movements Between Portfolios

The re-division of portfolios and movements between portfolios is more common when credit risk increases significantly (or when such a large increase is reflected). Therefore, assets are transferred from expected credit losses of between (12) months to another portfolio or vice versa. However, this may happen within the portfolios that continue to be measured on the same basis as expected credit losses for a 12-month period or a lifetime, but the amount of the expected credit loss changes due to the varying credit risk of portfolios.

Models and Assumptions Used

The Bank uses various models and assumptions in measuring the fair value of financial assets as well as in assessing the expected credit. The judgment is applied when determining the best models for each type of asset as well as for the assumptions used in those models, which include assumptions regarding the main drivers of credit risk.

a. Classification and Measurement of Financial Assets and Liabilities

The Bank classifies financial instruments or components of financial assets at initial recognition either as a financial asset or a financial liability, or as an equity instrument in accordance with the substance of the contractual agreements and the definition of the instrument. The reclassification of a financial instrument is subject to the substance of the financial statements and not to its legal form.

The Bank shall determine the classification at initial recognition and reassess such determination, if possible and appropriate, at each date of the statement of financial position.

When measuring financial assets and liabilities, certain assets and liabilities of the Bank are re-measured at fair value for financial reporting purposes. In assessing the fair value of any assets or liabilities, the Bank uses available observable market data. In the absence of Tier 1 inputs, the Bank conducts evaluations using professionally qualified independent evaluators. The Bank works closely with qualified external evaluators to develop appropriate valuation and data valuation techniques.

b. Fair Value Measurement

If the fair values of financial assets and financial liabilities included in the statement of financial position cannot be obtained from active markets, these fair values are determined using a range of valuation techniques involving the use of accounting models. If possible, the entered data for those models will be extracted from the market data. In the absence of such market data, fair values are determined by making judgments. These provisions include liquidity considerations and model data such as derivative volatility, longer-term discount rates, pre-payment ratios and default rates on asset-backed securities. Management believes that the valuation techniques used are appropriate to determine the fair value of financial instruments.

Key Sources of Uncertainty Estimates

The principal estimates used by Management in applying the Bank's accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Determining the number and relative weight of scenarios, the outlook for each type of product / market, and the identification of future information relevant to each scenario.

When measuring the expected credit loss, the Bank uses reasonable and supported future information based on the assumptions of the future movement of the various economic drivers and the manner in which they affect each other.

Probability of Default

The potential for default is a key input in measuring the expected credit loss. The probability of default is an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions, and expectations relating to future circumstances.

Loss Given Default

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financier expects to collect, considering cash flows from collateral and integrated credit adjustments.

Fair value measurement and valuation procedures

When estimating the fair value of financial assets and financial liabilities, the Bank uses available observable market data. In the absence of level (1) inputs, the Bank conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

Risk management

In light of the importance of managing the various risks surrounding the Bank's business activities that it is exposed to or may be exposed to in the future, the Bank has continued its work by following a risk management strategy in line with the directives of the Board of Directors, executive management, legislation and laws issued by the Central Bank of Jordan, where best practices have been applied and the latest means and methods used in risk management.

The risk management process includes identifying, measuring, evaluating and monitoring financial and non-financial risks that can negatively affect the overall performance of the Bank, the Risk Department is responsible for managing risks (credit, operational, market, liquidity and information security) within the framework of the Bank's organizational structure and the risk department evaluates and controls risks and recommends mitigating them and submitting the necessary reports to executive management and Risk and Compliance Committee and independently of other Bank departments that perform other Banking activities.

The Bank's risk management provides independent oversight and support that aims to establish and spread the concept of risk management as a whole on all levels of management and helps proactively in realizing potential losses and sets out the plan and procedures to take to confront these risks in the event of their occurrence.

The executive management is responsible for defining the main principles of risks and the level of risks that can be accepted, as well as an optimal distribution of them according to the various activities and segment of the Bank where executive management exercises its role in ensuring that the Bank manages various risks and adopts policies and procedures governing risk management in the Bank.

The Bank management also gives great importance to the requirements of Basel and best international practices for risk management, as it is considered as a framework to enhance the Bank's ability to improve the control environment and confront various types of risks.

Acceptable risks level (risk appetite)

The Bank's philosophy in determining the level of acceptable risks is the method by which the Bank has determined the levels of acceptable risks with, given that capital planning is the basis for determining the levels of acceptable risks.

The bottom-up approach methodology was used to determine acceptable levels of risk through the concerned departments within the Bank from the bottom of the organizational structure and then raise it to the top organizational structure for each of the risks (credit, concentrations, liquidity, interest rates, reputation, strategy, operation, market, governance Institutionalism, compliance, capital structure).

The objectives of risk appetite

The Bank aims to determine the acceptable levels of risk to the following:

- 1- Knowing the acceptable level of risk for each type of risk to which the Bank is exposed.
- 2- Protecting the Bank from risks that it might face and negatively affect its business.
- 3- Achieving strategic goals.
- 4- Ensuring that acceptable proportions of capital adequacy are maintained.
- 5- Control risks and work to reduce them.
- 6- Determining the capital needed to face all kinds of risks (economic capital).
- 7- Developing measures to monitor the acceptable level of risks in addition to the capital, asset quality, liquidity, and fluctuation in profits.

Stress testing

In accordance with the instructions issued by the Central Bank related to stress testing, the Bank has prepared a methodology for applying these stress tests and adopting a policy and work procedures by the Risk Committee from the Board of Directors where stress tests are an integral and essential part of the institutional governance and risk management system of the Bank as it has an impact on decision-making at the appropriate administrative level, including strategic decisions of the Board of Directors and Executive Management. To ensure this, the Board of Directors and Executive Management must have a key role in these tests, including setting test goals, defining scenarios, evaluating results, and defining measures to take based on the results of these. The tests at various levels are considered:

- A key tool to understand the Bank's risk matrix and its ability to withstand shocks and the high risks it may face.
- It is considered an important part of the capital planning process through the internal evaluation process of the capital adequacy (ICAPP) and improving the Bank's management of its capital.
- It helps the Bank in estimating the size of future capital that must be available in the coming years, in accordance with its strategy.
- An important part in the process of identifying, measuring, and controlling liquidity risk, in order to assess the Bank's liquidity and the adequacy of liquidity shock mitigators and improve the Bank's liquidity.

The mechanism by which stress situations are chosen

Scenarios of stressful situations are chosen to cover all the risks which the Bank is exposed to in accordance with the instructions issued by the Central Bank of Jordan, and a different set of scenarios are applied that range from the least influential to the most influential but are possible to occur are selected and identified by the Bank according to the different risks which it is exposed to such as (size, type, repetition and importance) in coordination with the various departments where these tests aim to assess the Bank's financial position and adequacy, where necessary reports are prepared and applied to stress tests and present them to the Risk Committee from the Board of Directors, which in turn approves assumptions and scenarios used and discuss the results of the tests and approve the measures to be taken based on these results. The impact of stress testing on different financial assets is measured, whether at the level of the facilities or investment portfolio, as follows:

Measuring the impact of stress testing on the Bank's credit portfolio in terms of the increase of non-performing loans as a result of several factors, including the concentration in credit granting, the decline of economic sectors as a result of financial crises, the quality of the credit portfolio, the decrease in the value of guarantees provided and other factors. The impact of these scenarios is assessed for these risks on the income statement and the capital adequacy.

Measuring the impact of stress testing on the Bank's investments in terms of low liquidity of the markets invested in and a decrease in the value of investments due to financial and economic crises. The impact of scenarios for these risks is assessed on the income statement and the capital adequacy.

Measuring the impact of stress testing on the Bank's assets and liabilities in the event of changing the Dinar exchange rates against foreign currencies.

Measuring the impact of stress testing on the Bank's liquidity as a result of several factors, including the loss of our deposits with correspondent Banks, the concentration of Bank customer deposits and Bank deposits with us, extensive withdrawals of deposits, change of the Dinar exchange rates against foreign currencies and other factors. The impact of the scenarios of these risks is assessed based on statutory and liquidity ratios and based on a maturity scale.

Measuring the impact of stress testing on the operating risks of the Bank's operations. The impact of scenarios on these risks is assessed on the capital adequacy.

Governance of stress testing

- Stress tests are an integral and essential part of corporate governance with the Bank by enhancing the Bank's ability to identify and control its risks and its major role in providing both the Board and Executive Management with indicators on the amount of capital required to meet the resultant losses on shocks or changes that affect the Bank's financial position and solvency.

Board of Directors' responsibility:

- Ensuring that there is an effective framework for stress testing to assess the Bank's ability to withstand shocks and face high risks, as the Board has the ultimate responsibility for the stress testing program, and the adoption of work policies in this regard.
- Ensure that the Risk Department conducts stress tests on a regular basis, and that the Board has a key role in approving the assumptions and scenarios used, analyzing the results of the tests, and adopting the procedures to be taken based on these results.

Senior executive management responsibility:

- Implementing and monitoring the stress testing program, and in accordance with the methodology approved by the Board of Directors, which was originally based on the specific stress tests according to the instructions of the Central Bank of Jordan.
- Ensure that a qualified personal is available in the Risk Management Department to conduct stress tests and that the department has the appropriate tools and means for that.
- Ensuring that an appropriate number of possible scenarios related to the Bank's business are available, provided that these scenarios are understood and documented.
- Use the results of stress testing in setting and determining the degree of risk tolerance of the Bank and in the process of planning for capital and liquidity.
- Setting the appropriate remedial procedures based on the results of the tests carried out by the Executive Management and submitting them to the Risk and Compliance Committee and presenting them to the Board of Directors.

Responsibility of the Internal Audit department:

- The Internal Audit Department is responsible for reviewing and evaluating the framework of stress testing, at least annually, and for evaluating and reviewing results to be submitted to the Board of Directors.

Risk Department responsibility:

- 1- Designing a program of stress testing and using models and methodologies to test its impact on the Bank, so that it covers the following aspects and is not limited to them:
 - Stress testing includes scenarios that range from least to most severe.
 - Covering all complex financial products, if any.
 - It considers potential changes in market conditions that may negatively affect the Bank's exposure to concentration risk.
 - Including stress tests to some scenarios related to reputational risks, by reflecting the results of risks that affect the Bank's reputation, which may be reflected on the Bank's liquidity and liquid assets through customers withdrawing their deposits.

- The tests used are consistent with the degree of risk tolerance that the Bank has set for itself, so that the chosen scenarios are commensurate with the size, nature and complexity of the Bank's business and the risks associated with it.
 - The stress testing program includes quantitative and qualitative methods to improve the comprehensiveness of these tests and make them supportive and complementary to the models and methods of risk management used in the Bank.
 - It includes different types of tests, such as the simple sensitivity analysis based on changes in one risk factor and between scenarios based on statistical methods that take into account the relationships between the causes of systemic risks in times of crisis, knowing that the part related to these scenarios is determined by the Central Bank of Jordan on an annual basis.
- 2- Organizing an appropriate line of communication between the various parties concerned to take their views on the shocks and potential stressful situations if they occur with the aim of identifying assumptions and scenarios that are appropriate to the internal and external risks that the Bank may be exposed to so that all the parties involved with the Bank participate in this line of communication when determining these tests annually.
- 3- Submitting the results of the tests to the Basel Committee, an internal evaluation of the capital adequacy, and then to the Risk and Compliance Committee from the Bank's Board of Directors annually.

The Bank's application for defaulting and the defaulting mechanism

The Bank follows and applies the instructions of the Central Bank of Jordan (the regulatory body) related to the International Financial Reporting Standard No. (9) to classify credit facilities in three stages.

1. The Bank's application to default:

The instructions of the Central Bank of Jordan regarding the classification of defaulting loans and the suspension of interest are applied according to the requirements of IFRS (9). As for provisioning, instructions No. (47/2009) and (13/2018) related to the International Financial Reporting Standard (9) are adopted. The most conservative and severe results are taken, except in special cases and with prior approval by the Central Bank of Jordan.

2. The defaulting mechanism:

The Bank follows up with a client before their default with the aim of not reaching the point of classifying the facilities granted to them. In case the classification is made, a provision is recorded against this loan in accordance with the adopted standards, among the mechanisms used to treat default by the Bank as following:

- 1- Debt scheduling according to the scheduling principles as per the instructions of the Central Bank of Jordan.
- 2- Taking legal measures to collect what is owed to the Bank.

Definition of default:

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes, IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

The weighted probabilities are measured according to the best estimate and related to historical probability and current situations. The weighted scenarios are evaluated every three months. All scenarios are applied to all portfolios exposed to expected credit losses.

- The Bank uses 3 scenarios to reach a probable value when to estimate the expected credit losses as follows:
 - 1- Main scenario (Baseline) weighted 50%
 - 2- Best scenario (V shape) weighted 25%
 - 3- Worst case scenario 1 (U shape) weighted 25%

The internal credit rating system of the Bank and its mechanism:

The Bank has implemented a credit risk rating system based on Standard and Poor's (S&P) classification models to measure the credit risk of large companies, small and medium-sized companies which would positively reflect on the quality of the credit portfolio and help in making appropriate credit decisions as the following is extracting through the system:

Obligor Risk Rating (ORR) is divided into measuring the activity standards (qualitative) and the financial standards (quantitative) by:

Qualitative standards:

- 1- Measuring the risks of the countries in which the client practices their activity
- 2- Measuring the risks of the economic sectors that represent the client's activities
- 3- Measuring the client's competitive position in detail

Quantitative standards:

- 4- Measuring the client's financial risks by assessing cash flows, receivables, capital structure, and others.

Classification models include (modifier's) quality rates that enhance credit rating accuracy as follows:

- 1- The impact of the various activities of the client
- 2- The capital structure
- 3- Approved financing policy
- 4- Liquidity assessment
- 5- Management and governance

Clients are classified on the system to ten levels, where the classification grades are distributed from (1) high quality clients (few risks) to (10) high risk customers.

As a result of assessing the client's credit rating through the system, the probability of default (PD) is determined.

The approved mechanism for calculating expected credit losses on financial instruments:

1- The basic components of calculating the credit loss of financial instruments:

- * Clients' staging
- * Probability of default ratio stage 1 (12-month projected credit losses) and stage 2 (expected credit losses over the life of the financial instrument).
- * Loss given default (LGD).
- * Exposure at default (EAD).

2- Criteria for classifying client according to the stages:

The criterion for classifying the stages is one of the important parameters used to determine the expected credit losses according to the International Financial Reporting Standard No. (9), where financial instruments were classified into three stages in addition to a statement of the credit limitations for the transfer of the financial instrument / exposures between the stages according to the instructions issued by the Central Bank of Jordan No. (13/2018).

3- Probability of default – PD

Corporate portfolio

Based on the probability of default resulting from the analysis of all quantitative and qualitative data of the client through the credit rating system as this is done through the approved models of the company (S&P) and based on historical data, a future probability of default is calculated and linking it to the macroeconomic indicators.

Individual portfolio

Individual risk is measured at the level of each product separately (personal loans / housing loans / credit cards / car loans) through the evaluation of the product Roll Rate Approach, through customer behavior records and their commitment to pay on the historical agreed upon times to link them to all variables of macroeconomic factors to determine the future probability of default.

Debt portfolio and money market

The default probability of debt instruments classified under the amortized cost portfolio (AC) and other comprehensive income statement (OCI) is calculated on an individual basis based on the probability of default according to external classification.

Debt instruments issued by the Jordanian government, or guaranteed by it, and current accounts are excluded from calculating the expected credit losses.

4- Loss Given Default - LGD

The percentage of loss is measured on the assumption of default, based on the present value of the guarantees provided by the client based on historical ratios of financial recoveries and converting the guarantees into cash as a result of implementation of the guarantees due to default, taking into account the time dimension and credit dilution, which includes the part covered and not covered by the guarantees according to the requirements of the Central Bank of Jordan.

5- Exposure at Default – EAD

It is defined as the size of the indebtedness to which the Bank may be exposed to the possibility of non-payment if the customer defaults as follows:

- It is the current balance in relation to direct and indirect facilities.
- In the case of ceilings, the value of the amount exposed to default: it is the used balance in addition to a percentage of the unutilized ceiling (direct and indirect) based on a historical study of the extent of utilization of these ceilings.

Governance of implementing the requirements of IFRS (9):

The Bank is adherent to the instructions of institutional governance, including the instructions of the Central Bank of Jordan and the best international practices that were included in the Basel Committee in this regard in a manner that achieves the rule of implementation of the International Financial Reporting Standard. The following are the responsibilities of the Board of Directors, the Executive Management, the concerned committees, and departments to ensure the appropriateness of applying the financial reporting standard:

Board Responsibilities:

- Approving the policies, assumptions and models used for the application of the standard.
- Approving the expected credit losses in the Bank's financial statements.
- Ensuring proper application of the standard by defining the roles of committees, departments and work units in the Bank and ensuring complementarity of work among them and providing the appropriate infrastructure.
- Overseeing, through the committees of the Board, the Executive Management to develop the necessary systems to provide adequate information in an accurate and safe matter so that it provides the accurate capability of the Bank to record through the participation of all relevant business units in the Bank and under the supervision of the Bank's Board of Directors and its related committees.
- Approving of amendments that could affect the business model, the Bank's strategy, measurement and evaluation methodologies for the credit process, pricing and guarantees mechanism for credit products or assets that fall within the standard.
- Ensuring that the Bank manages its credit risk within the appropriate best practices, including effective control systems within the credit process that includes a clear determination of the amount of provisions required for all of its risks.
- Ensuring that the supervisory units in the Bank, specifically risk management, manage the internal audit of all necessary processes to verify the validity and integrity of the methodologies and systems used within the framework of the application of IFRS (9) and work to provide the necessary support for these control units.

Executive Management Responsibilities:

- Providing the appropriate infrastructure and providing recommendations regarding required changes or improvements that help to implement the standard in an accurate and comprehensive manner that includes qualified personnel and an adequate database in terms of accuracy and comprehensiveness.
- Reviewing the policies, work procedures, regulations and any other relevant standards and explaining their suitability for implementing the standard.
- Distributing tasks and responsibilities and ensuring the participation of all relevant business units in the proper application of the standard.
- Monitoring the periodic reports related to the results of calculating and applying the standard and determine the impact of the application of the standard on the financial position of the Bank.
- Applying corrective measures approved by the Board of Directors.
- Reflecting the impact of the application of the standard on the Bank's strategy and pricing policy.
- It is responsible for any exceptions of the results of the system outputs, the specific procedures, and the documented forms of the calculation process.
- Reviewing the staging rules process and make the necessary recommendations.
- View the calculation of expected credit losses and recommend their approval.
- Recommend any exception or amendment to the results of calculating the expected credit losses required and in accordance with clear and documented justifications.

Risks and Compliance Committee Responsibilities:

- Reviewing the framework and assumptions for calculating expected credit losses and recommend their approval.
- Supervising the efficiency and effectiveness of the process of calculating the expected credit losses.

Responsibilities of the Audit Committee:

- Ensuring that the methodologies and systems used in the application of IFRS (9) have been verified.
- Monitoring the compliance with the framework for calculating expected credit losses in accordance with IFRS (9) and ensuring that the internal audit fulfills its duty in this regard.
- Reviewing the financial statements after implementing the standard, in particular verifying the implementation of the instructions of the Central Bank of Jordan regarding the adequacy of provisions and expressing an opinion on the Bank's non-operating loans before submitting them to the Board of Directors.
- Reviewing the observations in the Central Bank's reports and the external auditor's reports and following up on the measures taken in their regard.
- Reviewing the accounting issues that have a material impact on the Bank's financial statements and ensure the accuracy of the accounting and control procedures and its safety and adherence to them.
- Ensuring through the Internal Audit Department that all financial instruments/ credit exposures have been measured for expected credit losses.

Compliance Department Responsibilities:

Ensuring compliance with applicable laws and instructions related to preparing the financial statements and applying the required standard and disclosures.

Risk Department Responsibilities

- Calculating the expected credit losses.
- Reviewing the models and assumptions used for calculating the provision and recommending any required adjustments.
- Evaluating the credit rating systems, their parameters, and results.
- Preparing periodic, qualitative and detailed quantitative disclosures required by the Central Bank of Jordan for the purposes of complying with the requirements of the standard.
- Reviewing the transferring process between the different stages and comparing it with the policy of transferring requirements between stages and reviewing these limitations periodically.

Finance Department Responsibilities:

- Participating with departments in developing and building the business model, including the classification of the Bank's financial assets in accordance with the principles of IFRS (9).
- Make the necessary accounting adjustments and restrictions after approving the results and verifying that all financial instruments have been accounted for.
- Reviewing the necessary disclosures in cooperation with the relevant departments of the Bank in accordance with the requirements of the standard and the instructions of the Central Bank.

The following are the most prominent determinants used to measure the significant change in credit risk:

- There is a decrease or a decline in the actual internal credit rating of the borrower according to the internal evaluation system applied by the Bank compared to the degree of the internal rating of the borrower at the time of granting.
- The presence of unpaid dues on a client or borrower account exceeding a certain period.
- Knowing that the borrower faces difficulties affecting the cash flow
- Violating debt covenants or conditions in a manner that affects the obligation to repay.
- The market value of collaterals declines significantly.
- The possibility of a borrower entering Bankruptcy procedures.

Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions, The estimation and application of forward-looking information will require significant judgment from the bank's management.

PD, Loss Given Default (LGD) and Exposure at Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio, each macroeconomic scenario used in our expected credit loss calculation will have forecasts of the relevant macroeconomic variables.

Each macroeconomic scenario used in calculating the expected credit losses is linked to changing macroeconomic factors.

Our estimates are used to calculate expected credit losses for stage 1 and stage 2 using discounted weighted scenarios that include future macroeconomic information for the next three years.

- The Bank uses the following macroeconomic indicators when performing futuristic forecasts for the countries that it operates in:
 - 1- Gross Domestic Product
 - 2- Unemployment rate
 - 3- Stock market index price
 - 4- Inflation rate

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(4) CASH AND BALANCES AT CENTRAL BANK OF JORDAN

	30 June 2024 JD (Reviewed not audited)	31 December 2023 JD (Audited)
Cash in vaults	23,128,345	22,945,295
Balances at central bank of Jordan:		
Current and call accounts	9,832,872	12,283,680
Time deposits and notice deposits	9,000,000	-
Statutory cash reserve	33,025,472	33,090,712
Total balances at central bank of Jordan *	51,858,344	45,374,392
Total cash and balances at central bank of Jordan	74,986,689	68,319,687

- Total restricted balances amounted to JD 33,025,472 as at 30 June 2024 (JD 38,090,712 as at 31 December 2023).
- There are no balances maturing within a period of more than three months as at 30 June 2024 and 31 December 2023.
- There are no certificates of deposits as at 30 June 2024 and 31 December 2023.

* Set out below is the movement in cash and balances at central bank of Jordan for the six months ended 30 June 2024 and the year ended 31 December 2023:

	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	June 30 2024 JD (Reviewed not audited)	31 December 2023 JD (Audited)
Balance at the beginning of the period/year	45,374,392	-	-	45,374,392	42,436,174
New balances during the period/year	9,000,000	-	-	9,000,000	-
Changes due to adjustments	(2,516,048)	-	-	(2,516,048)	2,938,218
Balance at the end of the period/year	51,858,344	-	-	51,858,344	45,374,392

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(5) BALANCES AND DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS, NET

	Banks and financial institutions				Total	
	Inside Jordan		Outside Jordan		30 June 2024	31 December 2023
	30 June 2024	31 December 2023	30 June 2024	31 December 2023		
	JD (Reviewed not audited)	JD (Audited)	JD (Reviewed not audited)	JD (Audited)	JD (Reviewed not audited)	JD (Audited)
Current and call accounts	-	-	9,309,961	9,736,311	9,309,961	9,736,311
Deposits maturing within a period of three months or less	20,965,500	26,138,000	3,028,910	2,844,254	23,994,410	28,982,254
Deposits maturing within a period of more than three months	-	-	30,000,000	30,000,000	30,000,000	30,000,000
Total	20,965,500	26,138,000	42,338,871	42,580,565	63,304,371	68,718,565
<u>Less:</u> Provision for expected credit losses *	(326)	(1,278)	(665)	(503)	(991)	(1,781)
	<u>20,965,174</u>	<u>26,136,722</u>	<u>42,338,206</u>	<u>42,580,062</u>	<u>63,303,380</u>	<u>68,716,784</u>

- The non-interest-bearing balances and deposits at banks and financial institutions amounted to JD 9,309,961 as at 30 June 2024 (JD 9,736,311 as at 31 December 2023).
- There are no restricted balances as at 30 June 2024 and 31 December 2023.

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- Set out below is the movement in balances and deposits at banks and financial institutions for the six months ended 30 June 2024 and the year ended 31 December 2023:

Item	Stage 1	Stage 2	Stage 3	Total	
				30 June 2024	31 December 2023
	JD	JD	JD	JD (Reviewed not audited)	JD (Audited)
Balance at the beginning of the period/year	68,718,565	-	-	68,718,565	46,289,524
New balances during the period /year	9,604,040	-	-	9,604,040	15,181,975
Settled balances during the period/year	(2,836,000)	-	-	(2,836,000)	(2,336,490)
Changes resulting from adjustments	(12,182,234)	-	-	(12,182,234)	9,583,556
Balance at the end of the period/year	<u>63,304,371</u>	<u>-</u>	<u>-</u>	<u>63,304,371</u>	<u>68,718,565</u>

- * Set out below is the movement in the provision for expected credit losses (ECL) for balances and deposits at banks and financial institutions for the six months ended 30 June 2024 and the year ended 31 December 2023 :

	Stage 1	Stage 2	Stage 3	Total	
				30 June 2024	31 December 2023
	JD	JD	JD	JD (Reviewed not audited)	JD (Audited)
Balance at the beginning of the period/year	1,781	-	-	1,781	412
ECL for new balances	77	-	-	77	1,077
Recovered from ECL on settled deposits	(139)	-	-	(139)	(115)
Changes resulting from adjustments	(728)	-	-	(728)	407
Balance at the end the period/year	<u>991</u>	<u>-</u>	<u>-</u>	<u>991</u>	<u>1,781</u>

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(6) DIRECT CREDIT FACILITIES, NET

	30 June 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
Individuals (retail):		
Overdraft accounts	735,806	769,411
Loans and promissory notes *	183,418,870	185,042,272
Credit Cards	6,569,086	6,535,516
Real Estate Loans	100,901,814	101,555,641
Companies:		
A - Large:		
Overdraft accounts	85,240,636	82,453,705
Loans and promissory notes *	378,643,850	365,895,832
B- SMEs:		
Overdraft accounts	16,889,446	15,496,576
Loans and promissory notes *	44,071,112	40,679,607
Government and Public Sector	18,061,636	20,488,783
Total	834,532,256	818,917,343
(Less): Provision for expected credit losses **	(66,237,031)	(63,314,138)
Interest in suspense	(27,118,631)	(23,176,116)
Net direct credit facilities	741,176,594	732,427,089

- * Net after deducting interest and commissions received in advance amounted to JD 185,399 as at 30 June 2024 (JD 174,861 as at 31 December 2023).
- Credit facilities classified as stage 3 amounted to JD 96,651,875 representing 11,58% of total direct credit facilities as at 30 June 2024 (JD 88,426,795 as at 31 December 2023 representing 10,80% of total direct credit facilities).
- Credit facilities classified as stage 3, net of interest and commissions in suspense amounted to JD 69,533,244 representing 8,61% of total direct credit facilities net of interest and commissions in suspense as at 30 June 2024 (JD 65,250,679 as at 31 December 2023 representing 8,20% of total direct credit facilities net of interest and commissions in suspense).
- Non-performing credit facilities amounted to JD 162,750,089 as at 30 June 2024 have been transferred to off financial position items, (JD 165,994,550 as at 31 December 2023). These facilities are fully covered with the provisions and interest in suspense.
- During the six months ended 30 June 2024, direct credit facilities amounted to JD 182,070 were written-off with interest in suspense JD 114,084 and the provision against them JD 67,986.
- Direct credit facilities include facilities guaranteed by the Government of Jordan amounted to JD 7,500,000 as at 30 June 2024 (JD 11,250,000 as at 31 December 2023).
- Set out below is the movement in direct credit facilities collectively for the six months ended 30 June 2024 and the year ended 31 December 2023:

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Item	Stage 1 JD	Stage 2 JD	Stage 3 JD	Total	
				30 June 2024 JD (Reviewed not audited)	31 December 2023 JD (Audited)
Total exposures at the beginning of the period/year	583,147,397	147,343,151	88,426,795	818,917,343	770,837,383
New exposures during the period/year	29,409,291	3,585,537	50,618	33,045,446	74,950,951
Settled exposures during the period/year	(14,598,528)	(420,009)	(746,267)	(15,764,804)	(49,683,274)
Transferred to stage 1	8,105,365	(7,524,982)	(580,383)	-	-
Transferred to stage 2	(39,073,776)	39,521,038	(447,262)	-	-
Transferred to stage 3	(3,512,713)	(3,769,637)	7,282,350	-	-
Changes resulting from adjustments	(4,118,652)	(213,101)	2,848,094	(1,483,659)	23,753,581
Written-off facilities	-	-	(182,070)	(182,070)	(941,298)
Total exposures at the end of period/year	<u>559,358,384</u>	<u>178,521,997</u>	<u>96,651,875</u>	<u>834,532,256</u>	<u>818,917,343</u>

** Set out below is the movement in the provision for expected credit losses (ECL) for the six months ended 30 June 2024 and the year ended 31 December 2023:

	Retail JD	Real estate loans JD	Loan Corporate JD	SME's JD	Government and public sector JD	Total JD
<u>30 June 2024 (Reviewed not audited)</u>						
Balance at the beginning of the period	16,737,148	3,964,388	35,748,449	6,843,302	20,851	63,314,138
ECL for new facilities during the period	79,214	10,589	27,592	7,133	-	124,528
Recoveries from ECL related to settled facilities during the period	(162,691)	(52,202)	(10,754)	(26,663)	-	(252,310)
Transferred to stage 1	(73,332)	(24,450)	(93,382)	44,984	-	(146,180)
Transferred to stage 2	(285,227)	(8,672)	93,382	(45,382)	-	(245,899)
Transferred to stage 3	358,559	33,122	-	398	-	392,079
Effect on provision resulting from reclassification among three stages	1,422,544	92,612	232,144	76,620	-	1,823,920
Changes resulting from adjustments	684,116	179,283	178,189	262,264	(9,111)	1,294,741
Written-off facilities	(19,434)	(42,361)	-	(6,191)	-	(67,986)
Balance at the end of the period	<u>18,740,897</u>	<u>4,152,309</u>	<u>36,175,620</u>	<u>7,156,465</u>	<u>11,740</u>	<u>66,237,031</u>
Re-allocation:						
Provisions on an individual basis	<u>18,740,897</u>	<u>4,152,309</u>	<u>36,175,620</u>	<u>7,156,465</u>	<u>11,740</u>	<u>66,237,031</u>
Total	<u>18,740,897</u>	<u>4,152,309</u>	<u>36,175,620</u>	<u>7,156,465</u>	<u>11,740</u>	<u>66,237,031</u>

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	Retail	Real estate loans	Corporate	SME's	Government and public sector	Total
<u>31 December 2023 (Audited)</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance at the beginning of the year	14,369,317	3,409,049	28,044,907	6,180,871	26,594	52,030,738
ECL for new facilities during the year	257,065	12,580	109,761	28,648	-	408,054
Recoveries from ECL related to settled facilities during the year	(336,324)	(20,398)	(16,185)	(10,803)	-	(383,710)
Transferred to stage 1	(33,862)	(2,224)	(231,424)	(4,480)	-	(271,990)
Transferred to stage 2	(162,917)	(49,707)	(47,353)	9,551	-	(250,426)
Transferred to stage 3	196,779	51,931	278,777	(5,071)	-	522,416
Effect on provision resulting from reclassification among three stages	2,209,516	847,636	2,759,190	253,196	-	6,069,538
Changes resulting from adjustments	302,190	(276,838)	4,850,776	823,482	(5,743)	5,693,867
Written-off facilities	(64,616)	(7,641)	-	(432,092)	-	(504,349)
Balance at the end of the year	<u>16,737,148</u>	<u>3,964,388</u>	<u>35,748,449</u>	<u>6,843,302</u>	<u>20,851</u>	<u>63,314,138</u>
Re-allocation:						
Provisions on an individual basis	<u>16,737,148</u>	<u>3,964,388</u>	<u>35,748,449</u>	<u>6,843,302</u>	<u>20,851</u>	<u>63,314,138</u>
Total	<u>16,737,148</u>	<u>3,964,388</u>	<u>35,748,449</u>	<u>6,843,302</u>	<u>20,851</u>	<u>63,314,138</u>

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Interest in suspense

Set out below is the movement in interest in suspense for the six months ended 30 June 2024 and the year ended 31 December 2023:

30 June 2024 (Reviewed not audited)

	Retail JD	Real estate loans JD	Corporate JD	SME's JD	Government and public sector JD	Total JD
Balance at the beginning of the period	5,737,187	2,485,669	11,197,598	3,755,662	-	23,176,116
Add: interest in suspense for the period	1,360,122	546,031	1,664,924	661,572	-	4,232,649
Less: interest transferred to revenues during the period	(134,768)	(27,973)	-	(13,309)	-	(176,050)
Interest in suspense written-off	(32,322)	(36,728)	-	(45,034)	-	(114,084)
Balance at the end of the period	<u>6,930,219</u>	<u>2,966,999</u>	<u>12,862,522</u>	<u>4,358,891</u>	<u>-</u>	<u>27,118,631</u>

31 December 2023 (Audited)

	Retail JD	Real estate loan JD	Corporate JD	SME's JD	Government and public sector JD	Total JD
Balance at the beginning of the year	4,004,947	1,778,328	8,099,619	3,069,365	-	16,952,259
Add: interest in suspense for the year	2,142,415	765,680	3,193,142	1,181,723	-	7,282,960
Less: interest transferred to revenues during the year	(377,413)	(42,966)	(95,163)	(106,612)	-	(622,154)
Interest in suspense written-off	(32,762)	(15,373)	-	(388,814)	-	(436,949)
Balance at the end of the year	<u>5,737,187</u>	<u>2,485,669</u>	<u>11,197,598</u>	<u>3,755,662</u>	<u>-</u>	<u>23,176,116</u>

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(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

	30 June 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
Quoted shares in active markets	<u>1,415,865</u>	<u>1,372,783</u>

(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
Quoted shares in active markets *	31,709,654	32,236,542
Unquoted shares in active markets	<u>19,222,588</u>	<u>18,086,021</u>
	<u>50,932,242</u>	<u>50,322,563</u>

- The realized losses from the sale of shares at fair value through other comprehensive income amounted to JD 14,077 for the period ended 30 June 2024 recorded in retained earnings within shareholders equity (unrealized gains of JD 4,824 for the year ended 31 December 2023).
- Cash dividends for the above-mentioned financial assets amounted to JD 84,900 for the six months ended 30 June 2024 (JD 98,550 for the six months ended 30 June 2023).
- * A memorandum of understanding was signed during December 2022 to sell Jordan Commercial Bank's shares in National Bank – Palestine. Sale agreement execution and transfer of shares ownership procedures have not been finalized as the final approvals from the regulatory authorities were not obtained up to the date of the preparation of the interim condensed financial statements.

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(9) FINANCIAL ASSETS AT AMORTIZED COST, NET

	30 June 2024 JD (Reviewed not audited)	31 December 2023 JD (Audited)
Treasury bonds and bills	320,075,882	339,473,730
Companies' bonds and debentures	4,254,633	4,193,093
	<u>324,330,515</u>	<u>343,666,823</u>
Less: Provision for expected credit losses *	(373,429)	(379,308)
Interest in suspense	(138,633)	(77,094)
Financial assets at amortized cost, net	<u>323,818,453</u>	<u>343,210,421</u>

- Set out below is the movement in financial assets at amortized cost for the six months ended 30 June 2024 and the year ended 31 December 2023:

	30 June 2024 (Reviewed not audited)				31 December 2023 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	342,309,729	-	1,357,094	343,666,823	366,766,485
New investments during the period/year	20,098,189	-	-	20,098,189	75,413,737
Matured investments during the period/year	(39,934,321)	-	-	(39,934,321)	(98,642,925)
Changes due to adjustments	438,284	-	61,540	499,824	129,526
Balance at the end of the period/year	<u>322,911,881</u>	<u>-</u>	<u>1,418,634</u>	<u>324,330,515</u>	<u>343,666,823</u>

- * Set out below is the movement in the provision for expected credit (ECL) for the six months ended 30 June 2024 and the year ended 31 December 2023:

	30 June 2024 (Reviewed not audited)				31 December 2023 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	23,205	-	356,103	379,308	373,284
Changes resulting from adjustments	(5,879)	-	-	(5,879)	6,024
Balance at the end of period/year	<u>17,326</u>	<u>-</u>	<u>356,103</u>	<u>373,429</u>	<u>379,308</u>

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(10) OTHER ASSETS

	30 June 2024 JD (Reviewed not audited)	31 December 2023 JD (Audited)
Assets seized by the bank against due debts, net *	45,566,304	46,083,302
Accrued interest and revenues	17,716,064	16,310,943
Prepaid expenses	2,443,982	1,411,130
Refundable deposits	1,821,063	1,101,033
Purchased time withdrawals and letters of credit **	1,696,173	2,966,630
Clearing checks	44,913	9,420
Others	4,470,371	3,654,600
	<u>73,758,870</u>	<u>71,537,058</u>

* Set out below is the movement in assets seized by the Bank against due debts for the six months ended 30 June 2024 and the year ended 31 December 2023 :

	30 June 2024 (Reviewed not audited)			31 December 2023 (Audited)	
	Seized properties JD	Seized properties sold on instalments JD	Seized shares JD	Total JD	Total JD
Balance at the beginning of the period/year, net	44,107,251	1,449,166	526,885	46,083,302	55,682,898
Additions during the period/year	189,306	-	-	189,306	5,730,409
Disposals during the period/year, net	(1,565,924)	(219,849)	-	(1,785,773)	(15,306,916)
Sold properties on instalments	(2,107,025)	2,107,025	-	-	-
Losses on valuation of seized shares	-	-	(383,874)	(383,874)	(142,211)
Impairment effect for the period/year	1,089,617	(10,148)	383,874	1,463,343	119,122
Balance at the end of the period/year, net	<u>41,713,225</u>	<u>3,326,194</u>	<u>526,885</u>	<u>45,566,304</u>	<u>46,083,302</u>

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- Set out below is the movement in the impairment loss and breached assets seized by the Bank against due debts for the six months ended 30 June 2024 and the year ended 31 December 2023 :

	30 June 2024 (Reviewed not audited)				31 December 2023 (Audited)
	Seized properties	Seized properties sold on instalments	Seized shares	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	5,663,889	146,676	1,478,759	7,289,324	8,427,285
Provision during the period/year	14,406	10,148	-	24,554	108,198
Released from provision	(1,104,023)	-	(383,874)	(1,487,897)	(227,320)
Properties on instalments	(44,893)	44,893	-	-	-
Utilized from provision	(18,294)	(10,148)	-	(28,442)	(1,018,839)
Balance at the end of the period/year	<u>4,511,085</u>	<u>191,569</u>	<u>1,094,885</u>	<u>5,797,539</u>	<u>7,289,324</u>

- According to CBJ instructions, the properties and shares seized by the Bank against past-due customer debts should be disposed-off within two years from their acquisition date. For exceptional cases, Central Bank of Jordan may extend this period for a maximum of two additional consecutive years.

- ** Set out below is the movement in the balances of purchased time withdrawals and letters of credit for the six months ended 30 June 2024 and the year ended 31 December 2023 :

	30 June 2024 (Reviewed not audited)				31 December 2023 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/ year	2,990,000	-	-	2,990,000	2,507,988
New exposures	1,706,250	-	-	1,706,250	2,990,000
Settled balances	(2,990,000)	-	-	(2,990,000)	(2,507,988)
Balance at the end of the period/year	<u>1,706,250</u>	<u>-</u>	<u>-</u>	<u>1,706,250</u>	<u>2,990,000</u>

- Set out below is the movement in the provision for expected credit losses for time withdrawals and letters of credit for the six months ended 30 June 2024 and the year ended 31 December 2023 :

	30 June 2024 (Reviewed not Audited)				31 December 2023 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	23,370	-	-	23,370	105,030
New exposures	10,077	-	-	10,077	23,370
Settled balances	(23,370)	-	-	(23,370)	(105,030)
Balance at the end of the period/year	<u>10,077</u>	<u>-</u>	<u>-</u>	<u>10,077</u>	<u>23,370</u>

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(11) BANKS AND FINANCIAL INSTITUTIONS' DEPOSITS

	30 June 2024 (Reviewed not audited)			31 December 2023 (Audited)		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current and call accounts	-	1,912,877	1,912,877	-	2,315,024	2,315,024
Time deposits	-	33,572,691	33,572,691	16,113,000	30,000,000	46,113,000
	-	35,485,568	35,485,568	16,113,000	32,315,024	48,428,024

- Bank deposits maturing within a period of more than three months amounted to JD 30,000,000 as at 30 June 2024 (JD 30,000,000 as at 31 December 2023).

(12) CUSTOMERS' DEPOSITS

	30 June 2024 (Reviewed not audited)				
	Companies			Government and public sector	Total
	Retail	Corporate	SME's	sector	Total
	JD	JD	JD	JD	JD
Current and call accounts	33,580,567	40,537,010	36,545,347	12,297,081	122,960,005
Saving deposits	204,610,909	132,562	1,920,456	2,348,937	209,012,864
Certificates of deposits	34,464,947	-	27,000	-	34,491,947
Time deposits, and at notice	405,803,920	58,611,466	84,179,424	54,369,818	602,964,628
	678,460,343	99,281,038	122,672,227	69,015,836	969,429,444

	31 December 2023 (Audited)				
	Companies			Government and public sector	Total
	Retail	Corporate	SME's	sector	Total
	JD	JD	JD	JD	JD
Current and call accounts	34,746,380	43,550,414	34,468,710	12,767,989	125,533,493
Savings deposits	195,807,541	150,448	1,593,306	584,869	198,136,164
Certificates of deposits	34,986,846	-	26,000	-	35,012,846
Time deposits, and at notice	395,250,217	55,139,961	83,380,636	75,042,338	608,813,152
	660,790,984	98,840,823	119,468,652	88,395,196	967,495,655

- The Government of Jordan and the public sector's inside the Kingdom deposits amounted to JD 69,015,836 representing 7.12% of total deposits as at 30 June 2024 (JD 88,395,196 representing 9.14% of total deposits as at 31 December 2023).
- Non-interest-bearing deposits amounted to JD 123,678,597 representing 12.76% of total deposits as at 30 June 2024 (JD 122,827,540 equivalent to 12.70% of total deposits as at 31 December 2023).
- Reserved deposits (restricted withdrawals) amounted to JD 3,112,700 representing 0.32% of total deposits as at 30 June 2024 (JD 3,557,903 representing 0.37% of total deposits as at 31 December 2023).
- Dormant deposits amounted to JD 10,168,862 as at 30 June 2024 representing 1.05% of total deposits as at 30 June 2024 (JD 9,313,965 representing 0.96% as at 31 December 2023).

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(13) BORROWED FUNDS

<u>30 June 2024 (Reviewed not audited)</u>	<u>Loan amount</u>	<u>Utilized</u>	<u>Repayment method</u>	<u>Guarantees</u>	<u>Interest rate</u>
	<u>JD</u>	<u>JD</u>			<u>%</u>
World Bank loan	2,000,000	700,000	20 years, including a 5-year grace period; to be settled in semi-annual installments	-	7.11
Arab Monetary Funds loan	2,100,000	42,000	10 years, including a 3-year grace period; to be settled in semi-annual installments	-	2,5
Advances from Central Bank of Jordan	52,127,730	52,127,730	Various installments.	-	0-1
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 16/8/2028	Property mortgage	5.1
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 26/09/2024	Property mortgage	4.55
International Fund for Agricultural Development	750,000	576,922	18 years, including a 3-year grace period; to be settled in semi-annual installments	-	5.18
International Fund for Agricultural Development	617,000	617,000	15 years, including a 2-years grace period to be settled in semi-annual installments	-	5.36
European Investment Bank	23,007,759	20,916,145	7 years, including 2 years grace period to be settled in semi-annual installments	-	6.9
		<u>94,979,797</u>			

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<u>31 December 2023 (Audited)</u>	<u>Loan amount</u> JD	<u>Utilized</u> JD	<u>Repayment method</u>	<u>Guarantees</u>	<u>Interest rate</u> %
World Bank loan	2,000,000	800,000	20 years, including a 5-year grace period; to be settled in semi-annual installments	-	7.11
Arab Monetary Fund loan	2,100,000	189,000	10 years, including a 3-year grace period; to be settled in semi-annual installments	-	2,5
Advances from the Central Bank of Jordan	36,439,751	36,439,751	Various installments	-	0-1
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 5/2/2024	Property mortgage	8.65
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 16/08/2028	Property mortgage	5.1
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 26/9/2024	Property mortgage	4.55
International Fund for Agricultural Development	750,000	613,940	18 years, including a 3-year grace period; to be settled in semi-annual installments	-	5.18
International Fund for Agricultural Development	617,000	617,000	15 years, including a 2-years grace period to be settled in semi-annual installments	-	5.36
European Investment Bank	23,007,759	23,007,759	7 years, including 2 years grace period to be settled in semi-annual installments	-	6.9
		<u>91,667,450</u>			

- Total re-loaned funds balances are amounted balances are to JD 54,868,973 as at 30 June 2024 (JD 39,179,628 as at 31 December 2023) with interest rates ranging between 2% and 13.5% as at 30 June 2024 (2% and 12% as at 31 December 2023).

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(14) INCOME TAX

A. Income tax provision

Set out below is the movement in the income tax provision for the six months ended 30 June 2024 and the year ended 31 December 2023:

	30 June 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
Balance at the beginning of the period/year	5,303,391	5,417,035
Income tax incurred on current period/year profit	1,550,673	6,512,113
Prior years income tax adjustments	-	(233,808)
Income tax paid	(5,303,391)	(6,391,949)
Balance at the end of period/year	1,550,673	5,303,391

B. Income tax expense:

Set out below is the income tax expense shown in the interim condensed income statement:

	For the six months ended 30 June	
	2024	2023
	JD (Reviewed not audited)	JD (Reviewed not audited)
Income tax incurred on current period profits	1,550,673	2,900,596
Prior years income tax expense	(19,110)	188,287
Deferred tax assets for the period	782,016	(465,939)
Deferred tax liabilities for the period	32,344	(67,723)
	2,345,923	2,555,221

C. Tax Status:

The Bank has reached a final settlement with the Income and Sales Tax Department until the end of the year 2019.

Regarding the years 2020, 2021, 2022 and 2023, the income tax returns was submitted within the legal period, but they were not reviewed by the Income and Sales Tax Department up to the date of the interim condensed financial statements.

In the opinion of the Bank's management and tax advisor, no liabilities in excess of the provision booked and the advance payments made by the Bank will arise as at the date of the interim condensed financial statements.

	For the six months ended 30 June	
	2024	2023
	JD (Reviewed not audited)	JD (Reviewed not audited)
Statutory tax rate	38%	38%
Effective tax rate	18.7%	36%

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(15) SUNDRY PROVISIONS

Set out below is the movement in this item for the six months ended 30 June 2024 and the year ended 31 December 2023:

	Balance at the beginning of the period	Expense for the period	Paid during the period	Balance at the end of the period
<u>30 June 2024 (Reviewed not audited)</u>	JD	JD	JD	JD
Provision for lawsuits against the Bank	622,500	110,198	(106,698)	626,000
Provision for end-of-service indemnity	-	805	-	805
Other provisions	615,000	-	-	615,000
	<u>1,237,500</u>	<u>111,003</u>	<u>(106,698)</u>	<u>1,241,805</u>
	Balance at the beginning of the year	Expense for the year	Paid during the year	Balance at the end of the year
<u>31 December 2023 (Audited)</u>	JD	JD	JD	JD
Provision for lawsuits against the Bank	266,000	663,071	(306,571)	622,500
Provision for end-of-service indemnity	359	1,771	(2,130)	-
Other provisions	615,000	-	-	615,000
	<u>881,359</u>	<u>664,842</u>	<u>(308,701)</u>	<u>1,237,500</u>

(16) OTHER LIABILITIES

	30 June 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Refundable and various deposits	32,189,618	29,649,698
Accrued unpaid interests	6,792,093	7,138,127
Outstanding checks	2,511,466	2,824,431
Received amounts on the sale of seized properties	2,062,789	1,058,339
Expected credit losses on indirect facilities and unutilized limits *	1,320,980	1,384,768
Accrued unpaid expenses	1,172,747	1,645,807
Income tax and social security deposits	416,835	412,659
Transactions in transit among branches	113,338	2,092,742
Safe deposits boxes	102,592	102,474
Shareholders' deposits	36,981	82,879
Board of Directors' remunerations	-	55,000
Others	2,800,272	1,478,469
	<u>49,519,711</u>	<u>47,925,393</u>

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* Set out below is the movement in provision for expected credit losses for indirect facilities and unutilized limits for the six months ended 30 June 2024 and the year ended 31 December 2023 :

	30 June 2024 (Reviewed not audited)				31 December 2023 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	575,718	19,479	789,571	1,384,768	1,479,402
New facilities during the period/year	26,412	259	1,393	28,064	55,056
Matured facilities during the period/year	(9,702)	(2,325)	(513)	(12,540)	(69,920)
Transferred to stage 1	719	(719)	-	-	-
Transferred to stage 2	(10,652)	10,652	-	-	-
Transferred to stage 3	(29)	-	29	-	-
Changes resulting from adjustments	(158,000)	4,119	67,215	(86,666)	(92,661)
Effect on provision due to reclassification between the three stages	-	6,220	1,134	7,354	12,891
Balance at the end of the period/year	<u>424,466</u>	<u>37,685</u>	<u>858,829</u>	<u>1,320,980</u>	<u>1,384,768</u>

- Set out below is the movement in indirect facilities and unutilized limits for the six months ended 30 June 2024 and the year ended 31 December 2023 :

	30 June 2024 (Reviewed not audited)				31 December 2023 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	268,599,658	9,438,468	5,075,949	283,114,075	286,972,151
New facilities during the period/year	21,663,926	1,337,750	8,294	23,009,970	31,336,876
Settled facilities during the period/year	(6,554,765)	(664,606)	(4,270)	(7,223,641)	(27,185,129)
Transferred to stage 1	1,346,376	(1,346,376)	-	-	-
Transferred to stage 2	(10,538,977)	10,538,977	-	-	-
Transferred to stage 3	(6,804)	(1,079)	7,883	-	-
Changes resulting from adjustments	4,763,637	316,290	(44,824)	5,035,103	(8,009,823)
Balance at the end of period/year	<u>279,273,051</u>	<u>19,619,424</u>	<u>5,043,032</u>	<u>303,935,507</u>	<u>283,114,075</u>

(17) AUTHORIZED AND PAID IN CAPITAL

The Bank's authorized and paid in capital is JD 120 million divided into 120 million shares (JD 1/share) as at 30 June 2024 (31 December 2023: JD 120 million).

(18) STATUTORY RESERVE

The Bank has not deducted the statutory reserve according to the Jordanian Companies Law given that these financial statements are interim and condensed. The statutory reserve is deducted at the end of the year.

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(19) FAIR VALUE RESERVE, NET

Set out below is the movement in the fair value reserve for the six months ended 30 June 2024 and the year ended 31 December 2023:

	30 June 2024 JD (Reviewed not audited)	31 December 2023 JD (Audited)
Balance at the beginning of the period/year	3,924,952	2,621,695
Unrealized (losses) gains, net	(300,263)	1,308,081
Released from selling financial assets at fair value through other comprehensive income	14,077	(4,824)
Balance at the end of the period/year	<u>3,638,766</u>	<u>3,924,952</u>

- The fair value reserve includes JD 311,112 as at 30 June 2024 and 31 December 2023 as an impact related to the implementation of the International Financial Reporting Standard No. (9).

(20) RETAINED EARNINGS

Set out below is the movement in the retained earnings for the six months ended 30 June 2024 and the year ended 31 December 2023:

	30 June 2024 JD (Reviewed not audited)	31 December 2023 JD (Audited)
Balance at the beginning of the period/year	24,278,467	20,483,016
Profit for the year	-	11,484,784
Dividends distributed to shareholders *	(6,000,000)	(6,000,000)
Transferred to statutory reserve	-	(1,694,157)
Realized (losses) gains from selling financial assets at fair value through other comprehensive income	(14,077)	4,824
Balance at the end of the period/year	<u>18,264,390</u>	<u>24,278,467</u>

- According to the instructions of Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes JD 9,769,885 restricted against deferred tax assets as at 30 June 2024 (JD 10,551,901 as at 31 December 2023).
- According to the instructions of Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes JD 3,638,766 restricted against the credit balance of the fair value of financial assets reserve as at 30 June 2024 (JD 3,924,952 as at 31 December 2023) (including JD 311,112 against the implementation of International Financial Reporting Standard No (9)).
- According to the instructions of Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes JD 622,154 restricted against the unrealized gain of financial assets through income statement as at 30 June 2024 (JD 537,044 as at 31 December 2023).

- * The Bank's General Assembly approved in its meeting held on 29 April 2024 the recommendation of the Board of Directors to distribute 5% of the capital as cash dividends, which is equivalent to JD 6 million to the shareholders from the retained earnings for the year 2023. (The Bank's General Assembly approved in its meeting held on 13 April 2023 the recommendation of the Board of Directors to distribute 5% of the capital as cash dividends, which is equivalent to JD 6 million to the shareholders from the retained earnings for the year 2022).

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(21) INTEREST INCOME

	For the six months ended 30 June	
	2024	2023
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
<u>Direct credit facilities</u>		
<u>Individuals (Retail)</u>		
Overdraft accounts	13,354	44,871
Loans and bills	10,060,748	10,476,096
Credit cards	443,335	467,393
Real estate loans	4,448,356	4,273,596
<u>Companies</u>		
<u>Corporate</u>		
Overdraft accounts	3,559,212	2,566,690
Loans and bills	15,211,372	14,298,172
<u>Small and Medium Enterprises "SMEs"</u>		
Overdraft accounts	759,625	604,794
Loans and bills	1,603,322	2,163,352
Government and public sector	827,941	961,716
Balances at central bank of Jordan	101,901	34,789
Balances and deposits at banks and financial institutions	767,683	570,587
Financial assets at amortized cost	8,808,546	8,857,874
	<u>46,605,395</u>	<u>45,319,930</u>

(22) INTEREST EXPENSE

	For the six months ended 30 June	
	2024	2023
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Banks and financial institutions' deposits	1,241,799	1,692,661
Customers' deposits:		
Current and call accounts	653,568	52,803
Saving accounts	713,443	964,631
Time deposits, and at notice	18,201,995	13,663,796
Certificates of deposits	952,249	742,610
Cash margins	435,860	398,264
Deposit insurance corporation fees	386,301	353,615
Interest expenses on lease liabilities	78,956	79,358
Borrowed funds	1,544,826	2,336,342
	<u>24,208,997</u>	<u>20,284,080</u>

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(23) PROVISION FOR EXPECTED CREDIT LOSSES, NET

	For the six months ended 30 June	
	2024	2023
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Balances and deposits at banks and financial institutions	(790)	1,296
Direct credit facilities	2,990,879	6,284,946
Financial assets at amortized cost	(5,879)	3,553
Indirect credit facilities and unutilized limits	(63,788)	(7,753)
Purchased withdrawals and letter of credit	(13,293)	(104,692)
	<u>2,907,129</u>	<u>6,177,350</u>

(24) GAINS (LOSSES) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

	Realized losses	Unrealized gains (losses)	Dividends	Total
	JD	JD	JD	JD
<u>30 June 2024 (Reviewed not audited)</u>				
Quoted shares in active markets	<u>(1,921)</u>	<u>52,088</u>	<u>1,350</u>	<u>51,517</u>
<u>30 June 2023 (Reviewed not audited)</u>				
Quoted shares in active markets	<u>-</u>	<u>(178,220)</u>	<u>-</u>	<u>(178,220)</u>

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(25) OTHER INCOME

	For the six months ended 30 June	
	2024	2023
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Recovery of debts previously written-off *	255,848	899,249
Rental income of safe boxes	33,100	29,628
Transfers income	336,531	296,690
Checks income	72,502	117,769
Telecommunication and post income	18,257	16,862
Gain from sale of property and equipment	-	5,025
Returns on seized properties	30,099	34,910
Income from account services	354,558	362,763
Income from reversal of sundry provisions	-	300,000
Insurance income	4,961	4,496
Others	153,085	509,079
	<u>1,258,941</u>	<u>2,576,471</u>

* This item represents amounts recovered from written - off debts and interest in suspense taken during the previous years to off financial position items but recovered during the six months ended 30 June 2024 and 30 June 2023.

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(26) OTHER EXPENSES

	For the six months ended 30 June	
	2024	2023
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Programs and computers maintenance	938,028	769,015
Legal and lawyer fees	571,866	445,046
Advertisement	520,000	443,468
Insurance expenses	500,050	358,676
Donations	402,086	545,983
Water, electricity, and telecommunication expenses	382,806	404,448
Subscriptions	357,617	379,252
Board of Directors' transportation and attendance of meeting allowance	337,634	193,675
Maintenance, repair, and vehicle expenses	330,716	362,080
Fees, licenses, and taxes	286,740	345,285
Credit cards expenses – net	243,494	302,568
Cleaning and security services	272,340	263,058
Stationery and publications	174,756	189,512
Professional and consultancy fees	146,636	265,585
Loss from sale of seized assets against debts	84,516	155,785
Loss from sale of fixed assets	9,088	-
Rent	90,715	92,759
Cash transportation fees	85,496	69,922
Hospitality	37,570	30,053
Collection incentives	20,113	13,907
Others	122,377	61,674
	<u>5,914,644</u>	<u>5,691,751</u>

(27) EARNINGS PER SHARE FOR THE BANK'S SHAREHOLDERS BASIC AND DILUTED

	For the three months ended 30 June		For the six months ended 30 June	
	2024	2023	2024	2023
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)
Profit for the period (JD)	<u>3,926,652</u>	<u>3,566,604</u>	<u>5,942,337</u>	<u>5,392,591</u>
Weighted average number of shares (Share)	<u>120,000,000</u>	<u>120,000,000</u>	<u>120,000,000</u>	<u>120,000,000</u>
Basic and diluted earnings per share for the period's profit	<u>0/033</u>	<u>0/030</u>	<u>0/050</u>	<u>0/045</u>

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(28) CASH AND CASH EQUIVALENTS

	For the six months ended 30 June	
	2024	2023
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Cash and balances at Central Bank of Jordan maturing within three months	74,986,689	63,769,222
<u>Add:</u> Balances and deposits at banks and financial institutions maturing within three months	33,304,371	20,361,278
<u>Less:</u> Banks and financial institutions' deposits maturing within three months	(5,485,568)	(18,732,747)
	<u>102,805,492</u>	<u>65,397,753</u>

(29) CAPITAL MANAGEMENT

Through the management of its paid-in capital, the Bank seeks to achieve the below goals:

- * Compliance with the Central Bank capital related requirements.
- * Maintaining the Bank's ability to continue as a going concern.
- * Ensuring a strong capital base for supporting the Bank's expansion and development.

Capital adequacy is continuously monitored by the Bank's management and reported quarterly to the Central Bank of Jordan.

According to the Central Bank Instructions, the minimum requirement for capital adequacy is equal to 12%. Banks are classified into 5 categories, the best of which is having an average capital adequacy equal to or more than 14%.

The Bank manages the capital structure and makes the necessary adjustments with respect to changes in business conditions. The Bank has not made any adjustments to the objectives, policies and procedures related to the capital structure during the period.

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Capital Adequacy

Capital adequacy ratio is calculated according to the Central Bank of Jordan instructions based on Basel Committee resolutions III as follows:

	30 June 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
<u>Primary capital items:</u>		
Authorized and paid-in capital	120,000,000	120,000,000
Retained earnings	18,264,390	24,278,467
<u>Other comprehensive income items</u>		
Fair value reserve - net	3,638,766	3,924,952
Statutory reserve	20,705,562	20,705,562
Profit for the period	5,942,337	-
Total primary capital before regulatory amendments	168,551,055	168,908,981
<u>Less:</u>		
Intangible assets - net	(2,696,900)	(2,858,126)
Deferred tax assets -net	(9,024,460)	(9,853,490)
Dividends to be distributed	-	(6,000,000)
Deferred provisions with the approval of the central bank	(1,671,159)	(2,284,975)
Investing in the capital of banks and financial companies outside the scope of consolidation, in which the Bank owns more than 10%	(8,391,048)	(9,115,662)
Total regulatory amendments	(21,783,567)	(30,112,253)
Net primary capital	146,767,488	138,796,728
<u>Secondary capital items:</u>		
Provision required against credit facilities in stage 1	2,178,233	2,893,524
Total secondary capital	148,945,721	141,690,252
<u>Assets weighted by risks-continuous operations</u>		
Credit risk	986,795,248	951,143,470
Market risk	3,810,318	7,807,240
Operation risk	97,342,911	97,342,911
Total assets weighted by risks	1,087,948,477	1,056,293,621
Regulatory capital adequacy ratio	13.69%	13.41%
Primary capital ratio	13.49%	13.14%
<u>Liquidity Coverage Ratio (LCR):</u>		
	30 June 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
Total high quality liquid assets after adjustments (thousands JD)	362,037	374,703
Net cash outflow (thousands JD)	111,426	125,872
Liquidity coverage ratio (LCR)	324.9%	297.7%
Liquidity coverage ratio according to the average at end of each month	286.3%	288.4%

(30) SEGMENT INFORMATION

The Bank is organized for managerial purposes through the following five major operating segments:

- Individual accounts: includes following up on individual customers deposits, and granting them credit facilities, credit cards and other services.
- Small and medium enterprise “SMEs”: This segment includes “SMEs” transactions on loans credit facilities and deposits and facilities in accordance with the instructions and policies existing in the Bank and commensurate with the instructions of the regulatory authorities.
- Corporate accounts: This segment includes corporate transactions on loans credit facilities and deposits, that are classified according to the volume of deposits and facilities in accordance with the instructions and policies existing in the Bank and commensurate with the instructions of the regulatory authorities.
- Treasury: This segment includes providing trading services, treasury, managing the Bank's funds, and long-term investments at amortized cost and held to collect contractual cash flows.
- Others: This segment includes all non-listed accounts not included in the above sectors, for example shareholders equity, property and equipment, general management, and support management.

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- The following table represents information on the Bank's segments according to its' activities:

	Individuals JD	Corporate JD	Treasury JD	Others JD	Total	
					30 June 2024 JD (Reviewed not audited)	30 June 2023 JD (Reviewed not audited)
Gross income for the period	11,376,371	13,462,723	1,550,722	49,680	26,439,496	29,772,571
<u>Less: Provision for expected credit loss</u>	<u>(2,122,649)</u>	<u>(868,230)</u>	<u>83,750</u>	<u>-</u>	<u>(2,907,129)</u>	<u>(6,177,350)</u>
Segment results	9,253,722	12,594,493	1,634,472	49,680	23,532,367	23,595,221
<u>Less: Distributed segment expenses</u>	<u>(9,727,544)</u>	<u>(4,863,772)</u>	<u>(1,621,257)</u>	<u>968,466</u>	<u>(15,244,107)</u>	<u>(15,647,409)</u>
Profit before income tax for the period	(473,822)	7,730,721	13,215	1,018,146	8,288,260	7,947,812
<u>Less: Income tax for the period</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,345,923)</u>	<u>(2,345,923)</u>	<u>(2,555,221)</u>
Profit for the period	<u>(473,822)</u>	<u>7,730,721</u>	<u>13,215</u>	<u>(1,327,777)</u>	<u>5,942,337</u>	<u>5,392,591</u>
Other information						
Capital expenditures					749,582	2,061,237
Depreciation and amortization					2,021,561	1,836,511
					30 June 2024 JD (Reviewed not audited)	31 December 2023 JD (Audited)
Total segment assets	<u>244,874,055</u>	<u>567,727,303</u>	<u>462,526,912</u>	<u>94,026,844</u>	<u>1,369,155,114</u>	<u>1,377,679,091</u>
Total segment liabilities	<u>718,898,146</u>	<u>376,997,745</u>	<u>89,258,043</u>	<u>15,450,125</u>	<u>1,200,604,059</u>	<u>1,208,770,110</u>

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1- Geographical distribution information

This segment represents the geographical distribution of the Bank's operation. The Bank operates mainly in Jordan.

The following table shows the distribution of the Bank's income, assets and capital expenditures by geographical segment:

	Inside Jordan		Outside Jordan		Total	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)	JD (Reviewed not audited)	JD (Audited)	JD (Reviewed not audited)	JD (Audited)
Bank's Assets	<u>1,297,665,439</u>	<u>1,308,987,040</u>	<u>71,489,675</u>	<u>68,692,051</u>	<u>1,369,155,114</u>	<u>1,377,679,091</u>

	Inside Jordan		Outside Jordan		Total	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Reviewed not audited)
Gross income	<u>27,614,758</u>	<u>30,598,581</u>	<u>(1,175,262)</u>	<u>(826,010)</u>	<u>26,439,496</u>	<u>29,772,571</u>
Capital expenditures	<u>749,582</u>	<u>2,061,237</u>	<u>-</u>	<u>-</u>	<u>749,582</u>	<u>2,061,237</u>

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(31) Risk Management:

1. Distribution of credit exposures according to economic segment:

A- Distribution of credit exposures by financial instruments as at 30 June 2024 (Reviewed not audited):

	Financial	Industrial	Trading	Construction	Real estate	Agricultural	Shares	Individual	Government and public sector	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central bank of Jordan	51,858,344	-	-	-	-	-	-	-	-	-	51,858,344
Balances and deposits at banks and financial institutions	63,303,380	-	-	-	-	-	-	-	-	-	63,303,380
Direct credit facilities	48,024,614	111,173,215	158,679,887	33,334,651	93,782,506	6,789,206	3,328,135	164,268,455	18,049,896	103,746,029	741,176,594
Financial assets at amortized cost	3,742,571	-	-	-	-	-	-	-	320,075,882	-	323,818,453
Purchased withdrawals and letter of credit	-	-	1,696,173	-	-	-	-	-	-	-	1,696,173
Total items within statement of financial position	166,928,909	111,173,215	160,376,060	33,334,651	93,782,506	6,789,206	3,328,135	164,268,455	338,125,778	103,746,029	1,181,852,944
Letters of guarantee	12,714,086	4,606,307	10,178,745	-	18,141,605	331,488	7,747,276	13,422,574	-	73,391,139	140,533,220
Letters of credit	-	9,461,475	5,054,951	-	11,087	-	-	778,376	-	17,382,506	32,688,395
Unutilized limits	16,137,363	7,330,858	33,435,177	-	13,484,918	58,010	1,526,883	17,941,296	-	39,478,407	129,392,912
Total	195,780,358	132,571,855	209,044,933	33,334,651	125,420,116	7,178,704	12,602,294	196,410,701	338,125,778	233,998,081	1,484,467,471

B- Distribution of credit exposures according to IFRS (9) stages as at 30 June 2024 (Reviewed not audited):

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Financial	190,429,493	4,363,397	987,468	195,780,358
Industrial	94,083,765	37,528,164	959,926	132,571,855
Trading	126,577,437	81,519,546	947,950	209,044,933
Construction	12,499,134	20,835,517	-	33,334,651
Real estate	102,099,260	18,679,208	4,641,648	125,420,116
Agricultural	3,894,297	3,234,041	50,366	7,178,704
Shares	11,548,366	304,729	749,199	12,602,294
Individuals	181,511,545	12,268,699	2,630,457	196,410,701
Government and public sector	338,125,704	3	71	338,125,778
Others	215,465,046	14,625,675	3,907,360	233,998,081
Total	1,276,234,047	193,358,979	14,874,445	1,484,467,471

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2- Reclassified Credit Exposures:

The following disclosures are prepared in two stages (first: the gross credit exposure and second for the balance of expected credit losses).

A- Total reclassified credit exposures as at 30 June 2024 (Reviewed not audited):

Item	Stage 2		Stage 3		Total reclassified exposures	Percentage of reclassified exposures
	Total exposure value	Reclassified exposures	Total exposure value	Reclassified exposures		
	JD	JD	JD	JD	JD	%
Balances at central bank of Jordan	-	-	-	-	-	-
Balances and deposits at banks and financial institutions	-	-	-	-	-	-
Direct credit facilities	178,521,997	39,521,038	96,651,875	7,282,350	46,803,388	5.61
Financial assets at amortized cost	-	-	1,418,634	-	-	-
Purchased withdrawals and letter of credit	-	-	-	-	-	-
Total exposure for items within statement of financial position	178,521,997	39,521,038	98,070,509	7,282,350	46,803,388	-
Indirect facilities and unutilized limits	19,619,424	10,538,977	5,043,032	7,883	10,546,860	3.47
Total	198,141,421	50,060,015	103,113,541	7,290,233	57,350,248	

B- Expected credit losses on reclassified exposures as at 30 June 2024 (Reviewed not audited):

Item	Reclassified exposures			Expected credit losses on reclassified exposures			Percentage of reclassified exposures
	Total reclassified exposures from stage 2	Total reclassified exposures from stage 3	Total reclassified exposures	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD	JD	%
Balances at central bank of Jordan	-	-	-	-	-	-	-
Balances and deposits at banks and financial institutions	-	-	-	-	-	-	-
Direct credit facilities	39,521,038	7,282,350	46,803,388	259,846	460,711	720,557	1.09
Financial assets at amortized cost	-	-	-	-	-	-	-
Purchased withdrawals and letter of credit	-	-	-	-	-	-	-
Total exposure for items within statement of financial position	39,521,038	7,282,350	46,803,388	259,846	460,711	720,557	-
Indirect facilities and unutilized limits	10,538,977	7,883	10,546,860	10,652	29	10,681	0.81
Total	50,060,015	7,290,233	57,350,248	270,498	460,740	731,238	

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3- Distribution of credit exposures according to geographic sectors

A. The table shows geographical distribution of credit exposures as at 30 June 2024 (Reviewed not audited):

	Inside Jordan	Middle East	Europe	Asia	Africa	America	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central bank of Jordan	51,858,344	-	-	-	-	-	-	51,858,344
Balances and deposits at banks and financial institutions	20,965,174	31,229,877	7,134,728	499,171	33,235	3,024,069	417,126	63,303,380
Direct credit facilities	741,176,594	-	-	-	-	-	-	741,176,594
Financial assets at amortized cost	323,818,453	-	-	-	-	-	-	323,818,453
Purchased withdrawals and letter of credit	1,696,173	-	-	-	-	-	-	1,696,173
Total items within statement of financial position	1,139,514,738	31,229,877	7,134,728	499,171	33,235	3,024,069	417,126	1,181,852,944
Letters of guarantee	140,533,220	-	-	-	-	-	-	140,533,220
Letters of credit	10,556,762	1,398,311	11,273,146	9,410,014	-	11,699	38,463	32,688,395
Unutilized limits	129,392,912	-	-	-	-	-	-	129,392,912
Total	1,419,997,632	32,628,188	18,407,874	9,909,185	33,235	3,035,768	455,589	1,484,467,471

B. Distribution of credit exposures according to IFRS 9 stages as at 30 June 2024 (Reviewed not audited):

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Inside Jordan	1,212,182,012	192,941,175	14,874,445	1,419,997,632
Middle East	32,210,384	417,804	-	32,628,188
Europe	18,407,874	-	-	18,407,874
Asia	9,909,185	-	-	9,909,185
Africa	33,235	-	-	33,235
America	3,035,768	-	-	3,035,768
Other	455,589	-	-	455,589
Total	1,276,234,047	193,358,979	14,874,445	1,484,467,471

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(32) RELATED PARTIES TRANSACTIONS AND BALANCES

The Bank entered into transactions with the members of the Board of Directors and related parties and companies represented by the members of the Board of Directors and executive management within the normal Banking practice and according to the normal interest rates and trading commissions. All the credit facilities granted to related parties are considered as performing facilities. The provision for expected credit losses on those facilities was calculated in accordance with IFRS (9) requirements.

Set out below the summary of related parties' transactions and balances during the period/year:

	BOD members	Companies represented by the BOD	Executive management	Others	Total	
	JD	JD	JD	JD	30 June 2024 JD (Reviewed not audited)	31 December 2023 JD (Audited)
<u>Statements of financial position items</u>						
Deposits at the Bank	2,055,021	1,324,419	591,189	30,421,859	34,392,488	60,486,041
Direct credit facilities	1,199,120	26,161,487	1,732,827	3,870,630	32,964,064	29,217,858
Deposits at banks	-	-	-	30,000,000	30,000,000	30,000,000
Cash margins	-	186,281	-	-	186,281	527,546
<u>Off-statement of financial position items:</u>						
Letters of guarantee	5,000	1,808,353	-	1,900,000	3,713,353	1,991,380
Letter of credit	-	338,193	-	-	338,193	813,223
					For the six months ended 30 June	
					2024	2023
					JD	JD
					(Reviewed not audited)	(Reviewed not audited)
<u>Income statement items:</u>						
Interest and commission income *	55,341	830,968	67,631	343,269	1,297,209	1,008,912
Interest and commission expense **	2,518,392	2,216	4,407	468,600	2,993,615	801,336

* Credit interest rate ranges from 3% to 21%.

** Debit interest rate ranges from 0% to 6.3%.

Salaries and bonuses of executive management

The salaries and bonuses of the bank's executive management amounted to JD 2,056,485 for the six months ended 30 June 2024. (JD 1,640,132 for the six months ended 30 June 2023.)

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(33) COMMITMENTS AND CONTINGENT LIABILITIES (OFF-STATEMENT OF FINANCIAL POSITION)

	30 June 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Letter of credit	11,560,355	5,361,560
Enhanced incoming letters of credit	4,543,245	700,380
Acceptances	16,613,056	10,496,534
Letter of guarantees:		
Payment	23,542,805	23,530,804
Performance	50,125,168	47,344,093
Others	67,965,884	73,110,459
Unutilized direct credit facilities limits	72,671,585	68,030,338
Total	247,022,098	228,574,168

(34) LAWSUITS AGAINST THE BANK

Lawsuits raised against the Bank are amounted to JD 17,225,878 as at 30 June 2024 (31 December 2023: JD 17,980,216). In the opinion of the Bank's management and the legal advisor, no further liabilities exceeding the provision of JD 626,000 is required as at 30 June 2024 (31 December 2023: JD 622,500).

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(35) FAIR VALUE MEASUREMENT

A. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period, and the following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques & key inputs):

	Fair value					
	30 June 2024	31 December 2023	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value
	JD (Reviewed not audited)	JD (Audited)				
Financial Assets						
<u>Financial assets at fair value through income statement:</u>						
Quoted shares in active markets	<u>1,415,865</u>	<u>1,372,783</u>	Level 1	Quoted prices	Not applicable	Not applicable
<u>Financial assets at fair value through other comprehensive income:</u>						
Quoted shares in active markets	31,709,654	32,236,542	Level 1&2	Quoted prices Through equity method and latest available	Not applicable	Not applicable
Unquoted shares in active markets	<u>19,222,588</u>	<u>18,086,021</u>	Level 3	financial information	Not applicable	Not applicable
	<u>50,932,242</u>	<u>50,322,563</u>				

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B. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis:

	30 June 2024 (Reviewed not audited)		31 December 2023 (Audited)		Fair value hierarchy
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Financial assets not measured at fair value					
Deposits at central bank of Jordan	51,858,344	51,860,132	45,374,392	45,374,392	Level 2
Balances and deposits at banks and financial institutions	63,303,380	64,388,193	68,716,784	69,668,289	Level 2
Direct credit facilities-net	741,176,594	754,706,195	732,427,089	744,478,772	Level 2
Financial assets at amortized cost-net	323,818,453	326,918,046	343,210,421	346,517,906	Level 2
Total financial assets not measured at fair value	1,180,156,771	1,197,872,566	1,189,728,686	1,206,039,359	
Financial liabilities not measured at fair value					
Banks and financial institutions’ deposits	35,485,568	38,844,126	48,428,024	51,930,109	Level 2
Customers’ deposits	969,429,444	972,120,776	967,495,655	970,581,616	Level 2
Cash margins	42,397,502	42,584,060	40,213,578	40,507,340	Level 2
Borrowed funds	94,979,797	95,535,446	91,667,450	91,923,772	Level 2
Total financial liabilities not measured at fair value	1,142,292,311	1,149,084,408	1,147,804,707	1,154,942,837	

For the items listed above, the fair value of the financial assets and liabilities classified as level one and level two and level three have been determined in accordance with generally accepted pricing models that reflect the credit risk of counterparties.